

**Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-0044-06.02
Administrative Amendment**

**Red Cedar Gathering Company
Elk Point Compressor Station
Southern Ute Indian Reservation
La Plata County, Colorado**

1. Facility Information

a. Location

The Elk Point Compressor Station, owned and operated by Red Cedar Gathering Company (Red Cedar), is located within the exterior boundaries of the Southern Ute Indian Reservation, in the southwestern part of the State of Colorado. The exact location is Section 25, T33N, R9W, in La Plata County, Colorado. The mailing address is:

Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301

b. Contacts

Facility contact:

Ethan Hinkley, Environmental Compliance Specialist- Air Quality
Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301
Main Office: (970) 764-6900
Direct Line: (970) 764-6910

Responsible official:

Albert J. Brown, President-Chief Operating Officer
Red Cedar Gathering Company
125 Mercado Street, Suite 201
Durango, CO 81301
Main Office: (970) 764-6900
Fax: (970) 382-0462

The Tribal Contact:

James Temte, Air Program Manager
Southern Ute Indian Tribe
(970)-563-4705

2. Description of Permit Amendment

On February 14, 2008, EPA received a letter from Red Cedar requesting an administrative permit amendment to change the plant mailing address in the title V permits for all of its twelve EPA-regulated title V facilities, including the Elk Point Compressor Station. EPA is also taking this opportunity to further streamline the title V permits and remove the plant mailing address from the permit. Part 71 does not require this information to be in the permit and changes to this or related information are the most often requested administrative permit amendments. This information will be maintained in the Statements of Basis for each permit action. EPA requests from this point forward that Red Cedar continue to send notification in writing of changes to the plant mailing address; however, the changes will no longer require administrative permit amendments.

Additionally, EPA has provided clarification of engine replacement language in the Alternative Operating Scenarios and Off Permit Changes sections of the permit to ensure Red Cedar reviews the applicability of each off permit change to the recently promulgated rules, 40 CFR part 63, subpart ZZZZ (amended), and 40 CFR part 60, subpart JJJJ, prior to notification and installation of the replacements.

The following modifications have been made to this permit:

- Permit Issuance Cover Page
 1. Permit Revision History was updated.
- Section I. Source Information and Emission Unit Identification
 1. Section I.A. Source Information: Plant mailing address was corrected and then removed. Address will be located exclusively in the Statement of Basis for each permit action.
- Section II.D. Alternative Operating Scenarios
 1. Revised text to clarify the requirements.
- Section III.Q. Off Permit Changes
 1. Revised text to clarify the requirements.

In accordance with the requirements of permit Section III.H. and 40 CFR 71.7(d), EPA is making these revisions as an administrative amendment to the permit. The permit will be reissued as permit number V-SU-0044-06.02.

For specific applicability information regarding the part 71 permit for this facility, please see the Statement of Basis for permit number V-SU-0044-06.00.



Air Pollution Control
Title V Permit to Operate
Statement of Basis for Permit No. V-SU-0044-06.00
Initial Permit

Red Cedar Gathering Company
Elk Point Compressor Station
Southern Ute Reservation
La Plata County, Colorado

1. Facility Information

a. Location

The Elk Point Compressor Station, owned and operated by Red Cedar Gathering Company (Red Cedar), is located within the exterior boundaries of the Southern Ute Indian Reservation, in the southwestern part of the State of Colorado. The exact location is Section 25, T33N, R9W, in La Plata County, Colorado. The mailing address is:

Red Cedar Gathering Company
26266 Highway 160
Durango, CO 81303

b. Contacts

(1) The facility contact is:

Derrill W. Beaubien
Environmental, Health & Safety Manager
26266 Highway 160
Durango, CO 81303
970-764-6970

(2) The responsible official is:

Albert J. Brown
President – Chief Operating Officer
26266 Highway 160
Durango, CO 81303
970-764-6900

c. Description of operations

The Elk Point Compressor Station, owned and operated by Red Cedar Gathering Company, is located in southwestern Colorado, within the exterior boundaries of the Southern Ute Indian Reservation. The facility removes water from the natural gas (dehydration), then compresses the gas

for delivery to the pipeline. The facility does not extract natural gas liquids (NGL's) from field gas, nor fractionate mixed NGL to natural gas products.

Air pollutant emissions are primarily from four internal combustion engines which drive the compressors. All engines are Caterpillar model 3516LE lean burn engines, fired only on natural gas, site rated at 1322 brake horsepower (bhp) each, and exhaust individually to the atmosphere. Units C-201, C-202 and C-203 were installed in September 2000. The remaining engine, C-204, was installed in June 2002.

There are also three natural gas fired glycol dehydrators, three small heaters, and several tanks, which are listed in the part 71 operating permit application as insignificant emitting units. All emitting units are listed in Tables 1 and 2 of section I.B of this permit.

The Elk Point Compressor Station is a major source for formaldehyde (HCHO), a hazardous air pollutant (HAPs) with respect to the part 71 operating permit requirements. The potential to emit for the facility as a whole are as follows:

Nitrogen oxides (NO_x) – 77.2 tpy
Carbon monoxide (CO) – 97.0 tpy
Volatile organic compounds (VOC) – 18.7 tpy
Small particulates (PM₁₀) – 0 tpy
Lead - 0 tpy
Sulfur dioxide (SO₂) - 0 tpy
Total hazardous air pollutants (HAP's) – 19.4 tpy
Largest single HAP (formaldehyde, HCHO) – 12.8 tpy

d. List of all units and emission-generating activities

In the part 71 application for the Elk Point Compressor Station, Red Cedar provided the information shown in Table 1 below. Table 1 lists emission units and emission generating activities, including any air pollution control devices. Emission units identified as "insignificant" emitting units (IEUs) are listed separately in Table 2.

**Table 1 - Emission Units
Red Cedar Elk Point Compressor Station**

Emission Unit Id.	Description	Control Equipment
	Caterpillar 3516LE Compressor Engines, 1322 bhp, natural gas fired:	Lean Burn Technology
C-201	Serial no. 4EK02752 Installed 9/1/2000	
C-202	Serial no. 4EK02757 Installed 9/1/2000	
C-203	Serial no. 4EK02755 Installed 9/1/2000	
C-204	Serial no. 4EK03735 Installed 6/2/2002	

Part 71 allows sources to separately list in the permit application units or activities that qualify as “insignificant” based on potential emissions below 2 tons/year for all regulated pollutants that are not listed as hazardous air pollutants (HAP) under section 112(b) and below 1000 lbs/year or the de minimis level established under section 112(g), whichever is lower, for HAPs. However, the application may not omit information needed to determine the applicability of, or to impose, any applicable requirement. Units that qualify as “insignificant” for the purposes of the part 71 application are in no way exempt from applicable requirements or any requirements of the part 71 permit.

Red Cedar stated in the initial part 71 permit application, submitted in November 2006, that the emission units in Table 2, below, are IEUs. The application provided emission calculations for the tanks using TANKS 4.0, for the heater emissions using AP-42 emission factors, and for the dehydrators using GRI GlyCalc 4.0. This supporting data justifies the source’s claim that these units qualify as IEUs.

**Table 2 - Insignificant Emission Units
Red Cedar Elk Point Compressor Station**

Emission Unit ID	Description
X-301	200 MBtu/hr Glycol dehydrator reboiler; 15 mmscfd dehydrator
X-302	200 MBtu/hr Glycol dehydrator reboiler; 15 mmscfd dehydrator
X-303	200 MBtu/hr Glycol dehydrator reboiler; 15 mmscfd dehydrator
H-401	18 MBtu/hr Catalytic Tank Heater
H-402	18 MBtu/hr Catalytic Tank Heater
H-403	5 MBtu/hr Catalytic Heater
H-101	12 MBtu/hr Inlet Slug Catcher Heater
H-501	325 MBtu/hr Waste Water Tank Heater
H-502	325 MBtu/hr Waste Oil Tank Heater
H-101	15 MBtu/hr Catalytic Heater for Inlet Slug Catcher
TK-501	500 bbl Waste Water Tank
TK-502	210 bbl Waste Oil Tank
TK-504	500 Gallon Engine Coolant Tank
TK-505	1000 Gallon TEG Storage Tank
TK-506	1600 Gallon Lube Oil Storage Tank
TK-507	500 Gallon Lube Oil Storage Tank
TK-509	1320 Gallon Lube Oil Storage Tank
TK-510	810 Gallon Glycol Still Vent Tank
TK-511	810 Gallon Glycol Still Vent Tank
R-101	16” Pig Receiver

e. Permitting and/or construction history

The Elk Point Compressor Station commenced operations in September of 2000, including installation of three (3) Caterpillar G3516LE lean burn compressor engines. Uncontrolled engine emissions from these units were evaluated, and it was determined that the facility was a minor source for criteria and hazardous air pollutants and therefore not subject to MACT standards or part 71 permitting.

In June of 2002, one (1) more Caterpillar G3516LE engine was added to the facility. Based on the formaldehyde emission factors available at the time, the facility maintained its minor source status and no permitting was required. Since then, engine manufacturers have determined more accurate emission factors for uncontrolled formaldehyde emissions. Upon recalculation of its potential to emit (PTE) for formaldehyde based on the new emission factors, Red Cedar had determined that it was a major part 71 facility and immediately applied for a permit. There have been no other permits issued to this facility.

2. Tribe Information

a. Indian country:

Red Cedar's Elk Point Compressor Station is located within the exterior boundaries of the Southern Ute Indian Reservation and is thus within Indian country as defined at 18 U.S.C. §1151. The Southern Ute Tribe does not have a federally-approved Clean Air Act (CAA) title V operating permits program nor does EPA's approval of the State of Colorado's title V program extend to Indian country. Thus, EPA is the appropriate governmental entity to issue the title V permit to this facility.

b. The reservation:

The Southern Ute Indian Reservation is located in Southwestern Colorado adjacent to the New Mexico boundary. Ignacio is the headquarters of the Southern Ute Tribe, and Durango is the closest major city, just 5 miles outside of the north boundary of the Reservation. Current information indicates that the population of the Tribe is about 1,305 people with approximately 410 tribal members living off the Reservation. In addition to Tribal members, there are over 30,000 non-Indians living within the exterior boundaries of the Southern Ute Reservation.

c. Tribal government:

The Southern Ute Indian Tribe is governed by the Constitution of the Southern Ute Indian Tribe of the Southern Ute Indian Reservation, Colorado adopted on November 4, 1936 and subsequently amended and approved on October 1, 1975. The Southern Ute Indian Tribe is a federally recognized Tribe pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934 (48 Stat.984), as amended by the Act of June 15, 1935 (49 Stat. 378). The governing body of the Southern Ute Indian Tribe is a seven member Tribal Council, with its members elected from the general membership of the Tribe through a yearly election process. Terms of the Tribal Council are three years and are staggered so in any given year 2 members are up for reelection. The Tribal Council officers consist of a Chairman, Vice-Chairman and Treasurer.

d. Local air quality and attainment status:

The Tribe maintains an air monitoring network consisting of two sites equipped to collect Oxides of Nitrogen (NO₂), Ozone (O₃), Carbon Monoxide (CO) and meteorological data. The Tribe has collected NO₂ and O₃ data at the Ignacio site and Bondad site since June 1, 1982, and April 1, 1997, respectively. Since January 1, 2000, both sites initiated meteorological monitors measuring Wind Speed, Wind Direction, Vertical Wind Speed, Outdoor Temperature, Relative Humidity, Solar Radiation, and Rain/Snow Melt Precipitation. Particulate data (PM₁₀) was collected from December 1,

1981 to September 30, 2006, at the Ignacio site and since April 1, 1997 to September 30, 2006, at the Bondad site. The monitors indicate the following averages for the pollutant monitored: An annual average for NO₂, an hourly average for O₃ and CO, an 8-hour average for CO.

3. Analysis of Federal Regulations

a. Applicable Requirement Review: The following discussions address applicable requirements, and requirements that may appear to be applicable but are not. All applicable and non-applicable requirements addressed here are included in the Code of Federal Regulations at Title 40.

Chemical Accident Prevention Program

Based on Red Cedar's applications, the Elk Point Compressor Station currently has no regulated substances above the threshold quantities in this rule and therefore is not subject to the requirement to develop and submit a risk management plan. However, Red Cedar has an ongoing responsibility to submit this plan IF a substance is listed that the total source has in quantities over the threshold amount or IF the total source ever increases the amount of any regulated substance above the threshold quantity.

Stratospheric Ozone and Climate Protection

Based on the application, Red Cedar does not have air conditioning units. However, should Red Cedar perform any maintenance, service, repair, or disposal of any equipment containing chlorofluorocarbons (CFCs), or contracts with someone to do this work, Red Cedar would be required to comply with title VI of the Clean Air Act.

Based on the application, there are no halon fire extinguishers at the Elk Point Compressor Station. However, should Red Cedar obtain any halon fire extinguishers, then it must comply with the standards of 40 CFR part 82, subpart H for halon emissions reduction, if it services, maintains, tests, repairs, or disposes of equipment that contains halons or uses such equipment during technician training. Specifically, Red Cedar would be required to comply with 40 CFR part 82 and submit an application for a modification to this title V permit.

New Source Performance Standards (NSPS)

40 CFR Part 60, Subpart A: General Provisions. This subpart applies to the owner or operator of any stationary source which contains an affected facility, the construction or modification of which is commenced after the date of publication of any standard in part 60. The general provisions under subpart A apply to sources that are subject to the specific subparts of part 60.

As explained below, Elk Point Compressor Station is not subject to any specific subparts of part 60, therefore the General Provisions of part 60 do not apply.

40 CFR Part 60, Subpart K: Standards of Performance for Storage Vessels for Petroleum Liquids for which Construction, Reconstruction, or Modification Commenced After June 11, 1973, and Prior to May 19, 1978. This rule applies to storage vessels for petroleum liquids with a storage capacity greater than 40,000 gallons. 40 CFR part 60, subpart K does not apply to storage vessels for petroleum or condensate stored, processed, and/or treated at a drilling and production facility prior to custody transfer.

This subpart does not apply to the storage vessels at the Elk Point Compressor Station because there are no tanks at this site that were constructed, reconstructed, or modified after June 11, 1973, and prior to May 19, 1978.

40 CFR Part 60, Subpart Ka: Standards of Performance for Storage Vessels for Petroleum Liquids for which Construction, Reconstruction, or Modification Commenced After May 18, 1978, and Prior to June 23, 1984. This rule applies to storage vessels for petroleum liquids with a storage capacity greater than 40,000 gallons. Subpart Ka does not apply to petroleum storage vessels with a capacity of less than 420,000 gallons used for petroleum or condensate stored, processed, or treated prior to custody transfer.

This subpart does not apply to the storage vessels at the Elk Point Compressor Station because there are no tanks at this site that were constructed, reconstructed, or modified after May 18, 1978, and prior to June 23, 1984.

40 CFR Part 60, Subpart Kb: Standards of Performance for Volatile Organic Liquid Storage Vessels (Including Petroleum Liquid Storage Vessels) for which Construction, Reconstruction, or Modification Commenced After July 23, 1984. This rule applies to storage vessels with a capacity greater than or equal to 40 cubic meters.

The subpart does not apply to the storage vessels at the Elk Point Compressor Station because the facility has no tanks greater than or equal to 40 cubic meters that store volatile organic liquids.

40 CFR Part 60, Subpart GG: Standards of Performance for Stationary Gas Turbines. This rule applies to stationary gas turbines, with a heat input at peak load equal to or greater than 10.7 gigajoules per hour (10 million Btu/hr), that commenced construction, modification, or reconstruction after October 3, 1977.

There are no stationary gas turbines located at the Elk Point Compressor Station therefore this subpart does not apply.

40 CFR Part 60, Subpart KKK: Standards of Performance for Equipment Leaks of VOC from Onshore Natural Gas Processing Plants. This rule applies to compressors and other equipment at onshore natural gas processing facilities. As defined in this subpart, a natural gas processing plant is any processing site engaged in the extraction of natural gas liquids from field gas, fractionation of mixed natural gas liquids (NGLs) to natural gas products, or both. Natural gas liquids are defined as the hydrocarbons, such as ethane, propane, butane, and pentane that are extracted from field gas.

The Elk Point Compressor Station does not extract natural gas liquids from field gas, nor does it fractionate mixed NGLs to natural gas products, and thus does not meet the definition of a natural gas processing plant under this subpart. Therefore, this rule does not apply.

40 CFR Part 60, Subpart LLL: Standards of Performance for Onshore Natural Gas Processing; SO₂ Emissions. This rule applies to sweetening units and sulfur recovery units at onshore natural gas processing facilities. As defined in this subpart, sweetening units are process devices that separate

hydrogen sulfide (H₂S) and carbon dioxide (CO₂) from a sour natural gas stream. Sulfur recovery units are defined as process devices that recover sulfur from the acid gas (consisting of H₂S and CO₂) removed by a sweetening unit.

The Elk Point Compressor Station does not perform sweetening or sulfur recovery at the facility. Therefore, this subpart does not apply.

40 CFR Part 60, Subpart KKKK: Standards of Performance for Stationary Combustion Turbines. This subpart establishes emission standards and compliance schedules for the control of emissions from stationary combustion turbines that commenced construction, modification or reconstruction after February 18, 2005. The rule applies to stationary combustion turbines with a heat input at peak load equal to or greater than 10.7 gigajoules (10 MMBtu) per hour.

Red Cedar does not operate stationary combustion turbines at the Elk Point Compressor Station. Therefore, this subpart does not apply.

National Emissions Standards for Hazardous Air Pollutants (NESHAP)

40 CFR Part 63, Subpart A: General Provisions. This subpart contains national emissions standards for hazardous air pollutants (HAP) that regulate specific categories of sources that emit one or more HAP regulated pollutants under the Clean Air Act. The general provisions under subpart A apply to sources that are subject to the specific subparts of part 63.

Elk Point Compressor Station is not subject to any specific subparts of part 63, therefore the General Provisions of part 63 do not apply. However, the facility is a major HAP source and operates engines greater than 500 hp that are effected units of 40 CFR 63, subpart ZZZZ (the Rice MACT). While these engines are not subject to the RICE MACT because they are existing units, pursuant to §63.10(b)(3), Red Cedar must keep a record of the non-applicability for a period of five years or until conditions change at the facility causing the engines to become effected units.

40 CFR Part 63, Subpart HH: National Emission Standards for Hazardous Air Pollutants from Oil and Natural Gas Production Facilities. This subpart applies to the owners and operators of affected units located at natural gas production facilities that are major sources of HAP's, and that process, upgrade, or store natural gas prior to the point of custody transfer, or that process, upgrade, or store natural gas prior to the point at which natural gas enters the natural gas transmission and storage source category or is delivered to a final end user. The affected units are glycol dehydration units, storage vessels with the potential for flash emissions, and the group of ancillary equipment, and compressors intended to operate in volatile hazardous air pollutant service, which are located at natural gas processing plants.

Throughput Exemption:

Those sources whose maximum natural gas throughput, as appropriately calculated in §63.760(a)(1)(i) through (a)(1)(iii), is less than 18,400 standard cubic meters per day are exempt from the requirements of this subpart.

Source Aggregation:

Major source, as used in this subpart, has the same meaning as in §63.2, except that:

- 1.) Emissions from any oil and gas production well with its associated equipment and emissions from any pipeline compressor station or pump station shall not be aggregated with emissions from other similar units.
- 2.) Emissions from processes, operations, or equipment that are not part of the same facility shall not be aggregated.
- 3.) For facilities that are production field facilities, only HAP emissions from glycol dehydration units and storage tanks with flash emission potential shall be aggregated for a major source determination.

Facility:

For the purpose of a major source determination, facility means oil and natural gas production and processing equipment that is located within the boundaries of an individual surface site as defined in subpart HH. Examples of facilities in the oil and natural gas production category include, but are not limited to: well sites, satellite tank batteries, central tank batteries, a compressor station that transports natural gas to a natural gas processing plant, and natural gas processing plants.

Production Field Facility:

Production field facilities are those located prior to the point of custody transfer. The definition of custody transfer (40 CFR 63.761) means the point of transfer after the processing/treating in the producing operation, except for the case of a natural gas processing plant, in which case the point of custody transfer is the inlet to the plant.

Natural Gas Processing Plant:

A natural gas processing plant is defined in 40 CFR 63.761 as any processing site engaged in the extraction of NGL's from field gas, or the fractionation of mixed NGL's to natural gas products, or a combination of both. A treating plant or gas plant that does not engage in these activities are considered to be production field facilities.

Major Source Determination for Production Field Facilities:

The definition of major source in this subpart (at 40 CFR 63.761) states, in part, that only emissions from the dehydration units and storage vessels with a potential for flash emissions at production field facilities are to be aggregated when comparing to the major source thresholds. For facilities that are not production field facilities, HAP emissions from all HAP emission units shall be aggregated.

Area Source Applicability

40 CFR part 63, subpart HH applies to area sources of HAPs. An area source is a HAP source whose total HAP emissions are less than 10 tpy of any single HAP or 25 tpy for all HAPs in aggregate. This subpart requires different emission reduction requirements for triethylene glycol dehydration units

found at oil and gas production facilities based on their geographical location. Units located in densely populated areas (determined by the Bureau of Census) and known as urbanized areas with an added 2-mile offset and urban clusters of 10,000 people or more, are required to have emission controls. Units located outside these areas will be required to have the glycol circulation pump rate optimized or operators can document that PTE of benzene is less than 1 tpy.

Applicability of subpart HH to the Elk Point Compressor Station:

The Elk Point Compressor Station does not engage in the extraction of NGL's and therefore is not considered a natural gas processing plant. Hence, the point of custody transfer, as defined in this subpart HH, occurs downstream of the station and the facility would therefore be considered a production field facility. For production field facilities, only emissions from the dehydration units and storage vessels with a potential for flash emissions are to be aggregated to determine major source status. The facility does not have flash tanks and the HAP emissions from the dehydration units alone at the facility are below the major source thresholds of 10 tons per year of a single HAP and 25 tons per year of aggregated HAP's.

With respect to the area source requirements of this subpart, the facility is located outside both an urban area and an urban cluster. Furthermore, uncontrolled benzene emissions from each of the TEG units at the facility were determined to be less than 1 tpy using GRI-GLYCalc Version 4.0, as presented in the supporting documentation in the application. **As a result, each dehydration unit at the facility is exempt from the §67.764(d) general requirements for area sources. However, the following general recordkeeping requirement does apply to this facility:**

- §63.774(d)(1) – retain the GRI-GLYCalc determinations used to demonstrate that actual average benzene emissions are below 1 tpy.

40 CFR Part 63, Subpart HHH: National Emission Standards for Hazardous Air Pollutants from Natural Gas Transmission and Storage Facilities. This rule applies to natural gas transmission and storage facilities that transport or store natural gas prior to entering the pipeline to a local distribution company or to a final end user, and that are a major source of hazardous air pollutant (HAP) emissions. Natural gas transmission means the pipelines used for long distance transport and storage vessel is a tank or other vessel designed to contain an accumulation of crude oil, condensate, intermediate hydrocarbon, liquids, produced water or other liquid and is constructed of wood, concrete, steel or plastic structural support.

This subpart does not apply to the Elk Point Compressor Station as the facility is a natural gas production facility and not a natural gas transmission or storage facility.

40 CFR Part 63, Subpart ZZZZ: National Emission Standards for Hazardous Air Pollutants for Stationary Reciprocating Internal Combustion Engines. This rule establishes national emission limitations and operating limitations for HAPs emitted from stationary reciprocating internal combustion engines (RICE). A stationary RICE is any internal combustion engine which uses reciprocating motion to convert heat energy into mechanical work and which is not mobile. This rule applies to owners or operators of stationary RICE which are located at a major source of HAP, except if the RICE have a site-rating of 500 brake horse power (bhp) or less. While all stationary RICE with a site-rating of more than 500 bhp located at major sources are subject to the final rule, there are distinct requirements for regulated stationary RICE depending on their design, use, and fuel. The standards in

the final rule have specific requirements for all new or reconstructed RICE and for existing spark ignition 4 stroke rich burn (4SRB) stationary RICE. With the exception of the existing spark ignition 4SRB stationary RICE, other types of existing stationary RICE (i.e., spark ignition 2 stroke lean burn (2SLB), spark ignition 4 stroke lean burn (4SLB), compression ignition (CI), stationary RICE that combust landfill or digester gas equivalent to 10 percent or more of the gross heat input on an annual basis, emergency, and limited use units) located at a major source of HAP emissions are not subject to any specific requirement under the final rule.

A stationary RICE is existing if construction or reconstruction of the unit commenced before December 19, 2002. A stationary RICE is new if construction of the unit commenced on or after December 19, 2002. A stationary RICE is reconstructed if the definition of reconstruction in §63.2 is met and reconstruction commenced on or after December 19, 2002.

This subpart potentially applies to the facility, as four Caterpillar engines are site rated above 500 bhp each, and the uncontrolled formaldehyde emissions from the facility, in aggregate, are greater than the 10 tpy major source threshold.

However, the four compressor engines at the Elk Point Compressor Station are not subject to 40 CFR 63, subpart ZZZZ, as they are existing lean-burn compressor engines having been installed prior to December 19, 2002.

Prevention of Significant Deterioration (PSD):

New major stationary sources of air pollution are required by the Clean Air Act (CAA) to obtain an air pollution permit before commencing construction. A major stationary source is any source type belonging to a list of 28 source categories which emits or has the potential to emit 100 tons per year or more of any pollutant subject to regulation under the CAA or any other source type which emits or has the potential to emit such pollutants in amounts equal to or greater than 250 tons per year.

The Elk Point Compressor Station does not belong to any of the 28 source categories. Therefore, the potential to emit threshold for determining PSD applicability for this source is 250 tons per year. The potential to emit of regulated pollutants at this facility are currently below the major source threshold of 250 tpy. Hence, the Elk Point Compressor Station is a true minor PSD source.

Compliance Assurance Monitoring (CAM) Rule

The CAM rule applies to each Pollutant Specific Emission Unit (PSEU) that meets a three-part test. The PSEU must be 1) subject to an emission limitation or standard, and 2) use an add-on control device to achieve compliance, and 3) have pre-control emissions that exceed or are equivalent to the title V, 100 tpy major source threshold.

The CAM rule does not apply to any of the units at the Elk Point Compressor Station as none of the units use add-on control devices to meet an emission limitation or standard.

b. Conclusion

Based on the information provided in Red Cedar's application for the Elk Point Compressor Station, this source is subject to those existing applicable Federal CAA programs discussed above. The Elk Point Compressor Station is not subject to any implementation plan such as exists within state jurisdictions. Therefore, the Elk Point Compressor Station is not subject to any other substantive requirements that control their emissions under the CAA.

EPA recognizes that, in some cases, sources of air pollution located in Indian country are subject to fewer requirements than similar sources located on land under the jurisdiction of a state or local air pollution control agency. To address this regulatory gap, EPA is in the process of developing national regulatory programs for preconstruction review of major sources in non-attainment areas and of minor sources in both attainment and non-attainment areas. These programs will establish, where appropriate, control requirements for sources that would be incorporated into part 71 permits. To establish additional applicable, federally-enforceable emission limits, EPA Regional Offices will, as necessary and appropriate, promulgate Federal Implementation Plans (FIPs) that will establish Federal requirements for sources in specific areas. EPA will establish priorities for its direct Federal implementation activities by addressing as its highest priority the most serious threats to public health and the environment in Indian country that are not otherwise being adequately addressed.

Further, EPA encourages and will work closely with all tribes wishing to develop Tribal Implementation Plans (TIPs) for approval under the Tribal Authority Rule. EPA intends that its Federal regulations created through a FIP will apply only in those situations in which a tribe does not have an approved TIP.

4. EPA Authority

a. General authority to issue part 71 permits

Title V of the Clean Air Act requires that EPA promulgate, administer, and enforce a Federal operating permits program when a state does not submit an approvable program within the time frame set by title V or does not adequately administer and enforce its EPA-approved program. On July 1, 1996 (61 FR 34202), EPA adopted regulations codified at 40 CFR part 71 setting forth the procedures and terms under which the Agency would administer a Federal operating permits program. These regulations were updated on February 19, 1999 (64 FR 8247) to incorporate EPA's approach for issuing Federal operating permits to stationary sources in Indian country.

As described in 40 CFR 71.4(a), EPA will implement a part 71 program in areas where a state, local, or tribal agency has not developed an approved part 70 program. Unlike states, Indian tribes are not required to develop operating permits programs, though EPA encourages tribes to do so. See, e.g., Indian Tribes: Air Quality Planning and Management (63 FR 7253, February 12, 1998) (also known as the "Tribal Authority Rule"). Therefore, within Indian country, EPA will administer and enforce a part 71 Federal operating permits program for stationary sources until a tribe receives approval to administer their own operating permits program.

5. Use of All Credible Evidence

Determinations of deviations, continuous or intermittent compliance status, or violations of the permit are not limited to the testing or monitoring methods required by the underlying regulations or this permit; other credible evidence (including any evidence admissible under the Federal Rules of Evidence) must be considered by the source and EPA in such determinations.

6. Public Participation

a. Public notice

As described in 40 CFR 71.11(a)(5), all part 71 draft operating permits shall be publicly noticed and made available for public comment. The Public Notice of permit actions and public comment period is described in 40 CFR 71(d).

There was a 30 day public comment period for this action pertaining to a draft permit. Public notice was given for this draft permit by mailing a copy of the notice to the permit applicant, the affected state, tribal and local air pollution control agencies, the city and county executives, the state and federal land managers and the local emergency planning authorities which have jurisdiction over the area where the source is located. A copy of the notice was provided to all persons who submitted a written request to be included on the mailing list

Public notice was published in the Durango Herald on May 11, 2007, giving opportunity for public comment on the draft permit and the opportunity to request a public hearing. Comments were received by the permittee, but there was no request for a public hearing.

b. Opportunity for Comment

Members of the public were given an opportunity to review a copy of the draft permit prepared by EPA, the application, this Statement of Basis for the draft permit, and all supporting materials for the draft permit. Copies of these documents were available at:

La Plata County Clerk's Office
1060 East 2nd Avenue
Durango, Colorado 81302

and

Southern Ute Indian Tribe
Environmental Programs Office
116 Mouache Drive
Ignacio, Colorado 81137

and

US EPA Region 8
Air and Radiation Program Office
1595 Wynkoop Street (8P-AR)
Denver, Colorado 80202

c. Appeal of permits

Within 30 days after the issuance of a final permit decision, any person who filed comments on the draft permit or participated in the public hearing may petition to the Environmental Appeals Board to review any condition of the permit decision. Any person who failed to file comments or participate in the public hearing may petition for administrative review, only if the changes from the draft to the final permit decision or other new grounds were not reasonably foreseeable during the public comment period. The 30 day period to appeal a permit begins with EPA's service of the notice of the final permit decision.

The petition to appeal a permit must include a statement of the reasons supporting the review, a demonstration that any issues were raised during the public comment period, a demonstration that it was impracticable to raise the objections within the public comment period, or that the grounds for such objections arose after such a period. When appropriate, the petition may include a showing that the condition in question is based on a finding of fact or conclusion of law which is clearly erroneous; or, an exercise of discretion, or an important policy consideration which the Environmental Appeals Board should review.

The Environmental Appeals Board will issue an order either granting or denying the petition for review, within a reasonable time following the filing of the petition. Public notice of the grant of review will establish a briefing schedule for the appeal and state that any interested person may file an amicus brief. Notice of denial of review will be sent only to the permit applicant and to the person requesting the review. To the extent review is denied, the conditions of the final permit decision become final agency action.

A motion to reconsider a final order shall be filed within 10 days after the service of the final order. Every motion must set forth the matters claimed to have been erroneously decided and the nature of the alleged errors. Motions for reconsideration shall be directed to the Administrator rather than the Environmental Appeals Board. A motion for reconsideration shall not stay the effective date of the final order unless it is specifically ordered by the Board.

e. Petition to reopen a permit for cause

Any interested person may petition EPA to reopen a permit for cause, and EPA may commence a permit reopening on its own initiative. EPA will only revise, revoke and reissue, or terminate a permit for the reasons specified in 40 CFR 71.7(f) or 71.6(a)(6)(i). All requests must be in writing and must contain facts or reasons supporting the request. If EPA decides the request is not justified, it will send the requester a brief written response giving a reason for the decision. Denial of these requests is not subject to public notice, comment, or hearings. Denials can be informally appealed to the Environmental Appeals Board by a letter briefly setting forth the relevant facts.

f. Notice to affected states/tribes

As described in 40 CFR 71.11(d)(3)(i), public notice was given by mailing a copy of the notice to the air pollution control agencies of affected states, tribal and local air pollution control agencies which have jurisdiction over the area in which the source is located, the chief executives of the city and county where the source is located, any comprehensive regional land use planning agency and any state or federal land manager whose lands may be affected by emissions from the source. The following entities were notified:

State of Colorado, Department of Public Health and Environment
State of New Mexico, Environment Department
Southern Ute Indian Tribe, Environmental Programs Office
Ute Mountain Ute Tribe, Environmental Programs
Navajo Tribe, Navajo Nation EPA
Jicarilla Tribe, Environmental Protection Office
La Plata County, County Clerk
Town of Ignacio, Mayor
National Park Service, Air, Denver, CO
U.S. Department of Agriculture, Forest Service, Rocky Mountain Region
Carl Weston
San Juan Citizen Alliance
Rocky Mountain Clean Air Action